



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Firstbank Corporation

Person to be contacted regarding this report:	Samuel G. Stone Chief Financial Officer
CPP Funds Received:	\$33,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/30/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1134322
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Alma
State:	Michigan

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Capacity has increased. However, lack of demand for credit from high quality borrowers in our market areas prevents loan growth. Refinance and sale into the secondary market of residential mortgages has provided borrowers with easier terms of repayment but has decreased loan balances.
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Not applicable.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Holdings of securities have increased as an appropriate placement of funds, since high quality loan demand has not materialized in our market areas.
<input type="checkbox"/>	Make other investments	Not applicable.
<input type="checkbox"/>	Increase reserves for non-performing assets	Reserves for non-performing assets have increased as appropriate based on analysis of trends in the loan portfolio, but not as a result of obtaining CPP equity.

<input checked="" type="checkbox"/>	Reduce borrowings	Holding company borrowings were reduced by \$5.6 million immediately upon receipt of CPP funds in accordance with our application for CPP funds.
<input type="checkbox"/>	Increase charge-offs	Charge-offs have increased due to conditions in the economy, but not as a result of CPP equity.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	None.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	CPP funds have acted as a non-leveraged increase in total capital to date due to a lack of demand for credit from high quality borrowers in our market areas.

What actions were you able to avoid because of the capital infusion of CPP funds?

CPP equity has elevated our capital ratios and our capacity to lend. We could have considered attempting to raise equity in the private markets had we not been offered the CPP opportunity. However, due to the scarce availability and high cost of private equity at the time of accepting the CPP investment and continuing to date, we may have chosen to maintain the then current level of capital without expanding our capacity to lend.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Internal, informal, working targets for total risk based capital at our affiliate banks had been maintained above the minimum well-capitalized levels prior to receiving funds from CPP. Upon receipt of CPP funds, these working targets were increased to a greater margin above the minimum well-capitalized levels in keeping with preferences conveyed to the banking industry by bank regulators . Lack of demand for credit from high quality borrowers in our market areas has to date prevented or deferred expansion of the loan portfolio and the associated leveraging of capital that comes with expansion of loans.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

None at this time.